



**REDEVELOPMENT AGENCY**  
***STAFF REPORT***

***MEETING DATE: February 26, 2003***

**JANUARY 2003 FINANCE & INVESTMENT REPORT**

**RECOMMENDED ACTION:**

Accept and File Report

**EXECUTIVE SUMMARY:** Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of January 2003. The report covers activity for the first seven months of the 2002/2003 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

**FISCAL IMPACT:** As presented.

**Agenda Item #1**

**Prepared By:**

**Finance Director**

**Submitted By:**

**Executive director**



**REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA**  
**FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2002/03**  
**FOR THE MONTH OF JANUARY 2003 - 58% OF YEAR COMPLETE**

This analysis of the Redevelopment Agency's financial status reflects 58% of the fiscal year.

**Revenues**

Through January, the Redevelopment Agency received \$10,000,376 in property tax increment revenues; this is expected. Most property taxes are received in December and April. The Redevelopment Agency, as of January 31, 2003, has collected \$100,000,000 in tax increment revenue under the original plan and \$49,372,089, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. Since the \$100 million tax increment cap for the original plan was reached during 1999/2000, all tax increment revenues collected during 2002/2003 are being collected under the plan amendment.

Interest and rental income of \$282,020 reflects interest income received through the first two quarters. 'Other Revenues' represent charges for current services and total \$17,150.

**Expenditures**

Total Redevelopment Agency Capital Projects expenditures and encumbrances equal \$15,008,338 and are 46% of budget. Of this total, \$1,759,008 represents encumbrances for capital projects and other commitments. Expenditures for administrative costs for employee services, supplies, and contract services were 51% of budget. During July, the Agency made a \$2.55 million installment payment towards the purchase of the Sports complex. During September, the Agency spent \$452,977 on property acquisitions related to the Indoor Recreation Center and Butterfield Blvd. Phase IV projects. During October, the Agency placed \$100,000 into escrow for the purchase of the Courthouse Facility property. During November, the Agency placed approximately \$318,000 into escrow for purchase of property for the Butterfield Blvd. Phase IV street project. All Capital Projects expenditures during 2002/03 have used monies collected under the plan amendment.

Budgeted expenditures plus encumbrances for Housing are at 25% of the budget for a total of \$1,703,014. Although certain loans and grants for various housing loan and grant programs have been committed, the related funds have not yet been drawn down by the recipients and, hence, are not reflected in the expenditures. All of the 2002/03 housing related expenditures have been funded with tax increment collected under the plan amendment.

**Fund Balance**

The unreserved fund balance of \$13,798,445 for the Capital Projects Fund at January 31, 2003, consisted entirely of monies collected under the plan amendment. The unreserved fund balance of \$13,798,445 at January 31 included future obligations to pay an additional \$6.9 million for the Courthouse Facility, an additional \$3,250,000 for purchase of the Gundersen property, an additional \$2.55 million for a sports complex, and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all of these future commitments are subtracted from the \$13,798,445, the remaining negative unreserved fund balance at January 31 would be a negative (\$511,555). However, these commitments are expected to be paid out over the next 2 to 4 years and to reduce current resources by only an estimated \$3 million in 2002/03.

The unreserved fund balance of \$4,275,026 for the Housing Fund at January 31 consisted of funds all collected under the plan amendment.

**REDEVELOPMENT AGENCY OF  
THE CITY OF MORGAN HILL**

**Monthly Financial and Investment Reports**

**January 31, 2003 – 58% Year Complete**



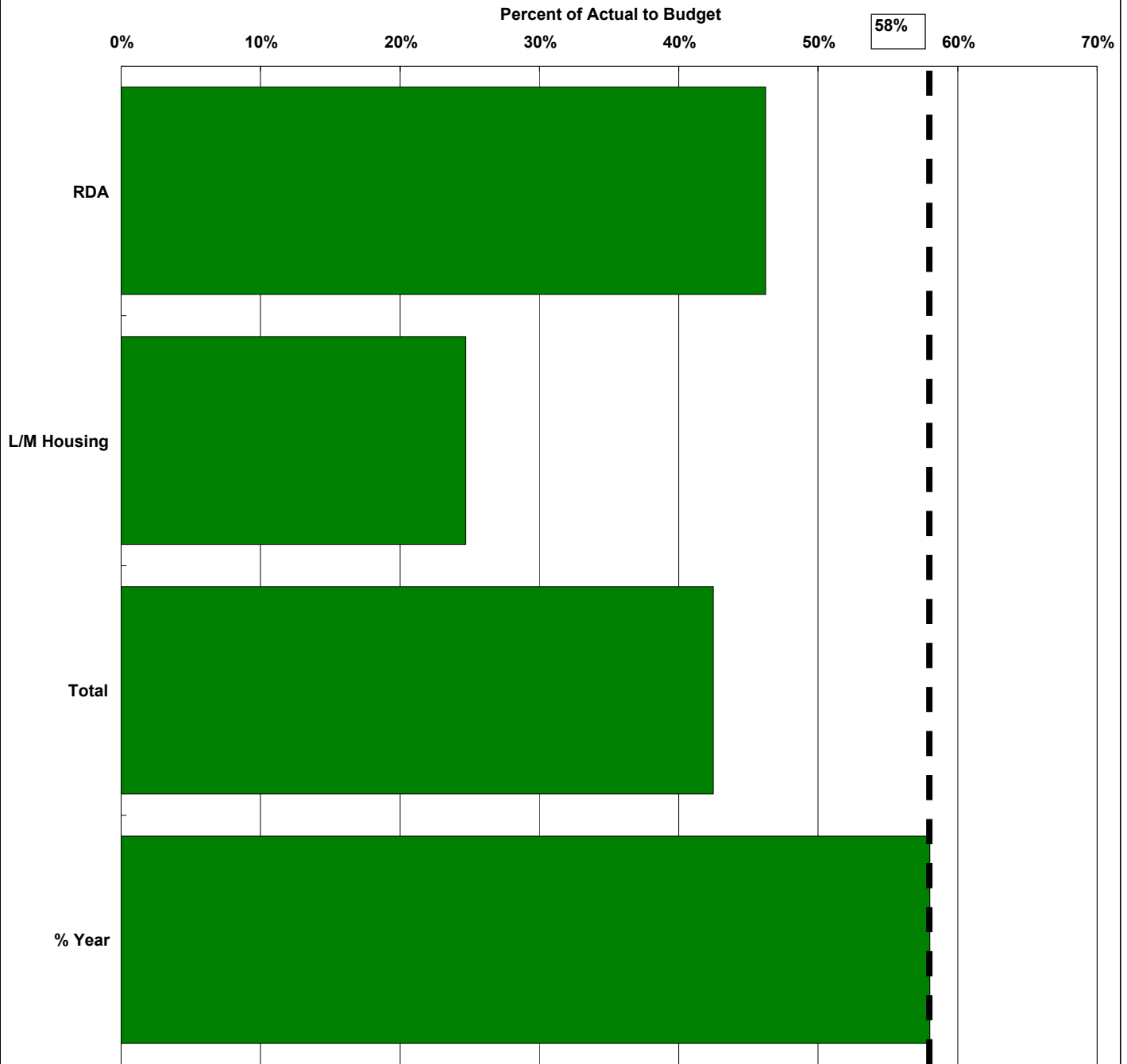
**CITY OF MORGAN HILL  
REDEVELOPMENT AGENCY**

**Prepared by:**

**FINANCE DEPARTMENT**



# Redevelopment Agency YTD Expenditures

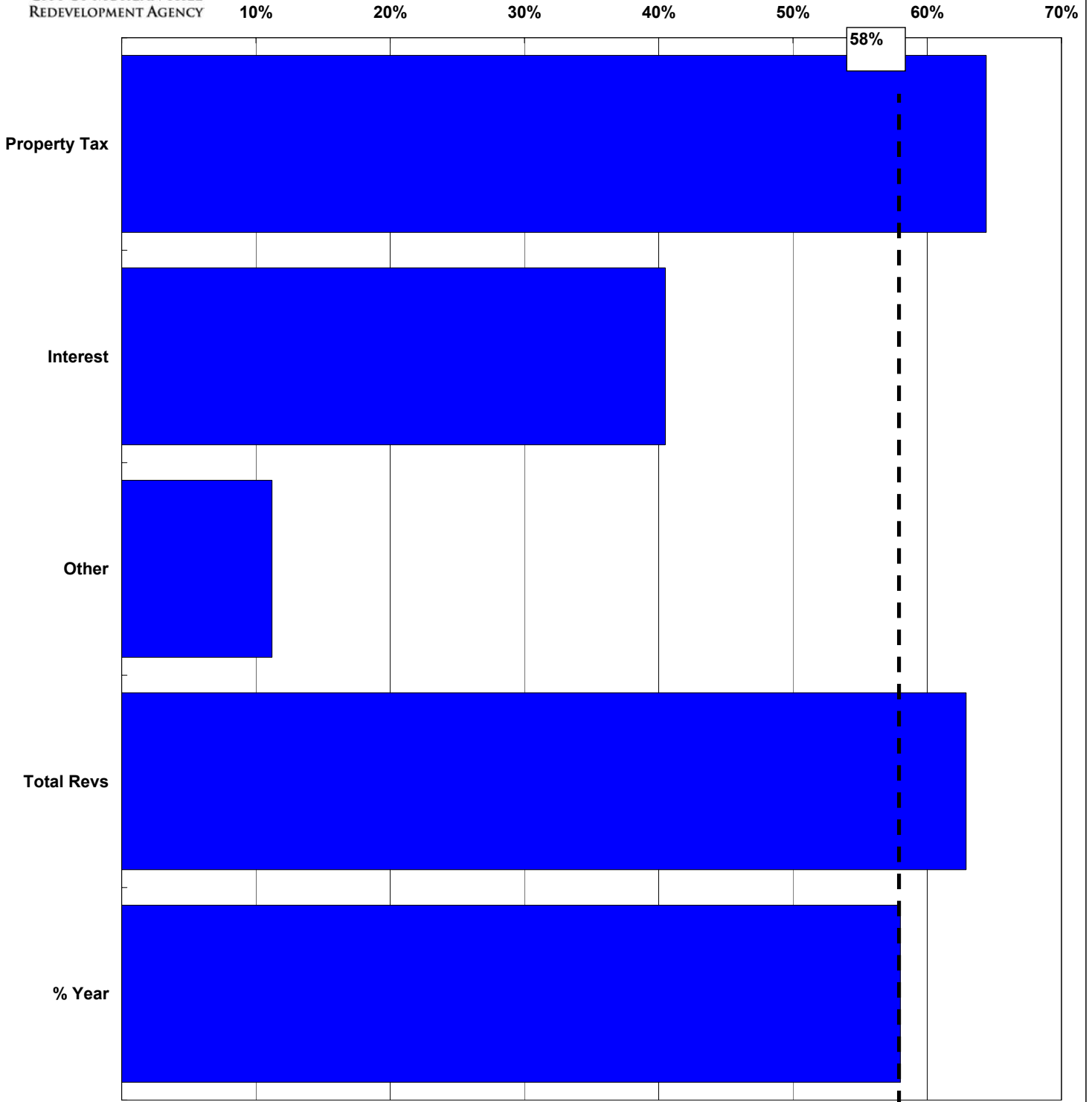


Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$32,464,906	\$15,008,338	46%
HOUSING	6,888,925	1,703,014	25%
TOTALS	\$39,353,831	\$16,711,352	42%



# Redevelopment Agency YTD Revenues

Percent of Actual to Budget



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$15,522,000	\$10,000,376	64%	\$8,619,841	16%
INTEREST INCOME/RENTS	\$695,853	\$282,020	41%	\$566,348	-50%
OTHER REVENUE	\$153,090	\$17,150	11%	\$468,659	-96%
TOTALS	\$16,370,943	\$10,299,546	63%	\$9,654,848	7%



Redevelopment Agency  
Fund Balance Report - Fiscal Year 2002/03  
For the Month of January 2003  
58% of Year Complete

Fund No.	Fund	Fund Balance 06-30-02	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved <sup>1</sup>	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$22,668,149	8,088,642	63%	13,249,330	41%	(5,160,688)	3,709,017	13,798,445	15,209,384	
327/328	HOUSING	\$20,823,005	2,210,904	62%	1,619,758	24%	591,146	17,139,125	4,275,026	4,361,297	
<b>TOTAL CAPITAL PROJECT FUNDS</b>		<b>\$43,491,154</b>	<b>10,299,546</b>	<b>63%</b>	<b>14,869,088</b>	<b>38%</b>	<b>(4,569,542)</b>	<b>20,848,142</b>	<b>18,073,471</b>	<b>19,570,681</b>	
<b>SUMMARY BY FUND TYPE</b>											
	CAPITAL PROJECTS GROUP	\$43,491,154	10,299,546	63%	14,869,088	38%	(4,569,542)	20,848,142	18,073,471	19,570,681	
<b>TOTAL ALL GROUPS</b>		<b>\$43,491,154</b>	<b>10,299,546</b>	<b>63%</b>	<b>14,869,088</b>	<b>38%</b>	<b>(4,569,542)</b>	<b>20,848,142</b>	<b>18,073,471</b>	<b>19,570,681</b>	
<b>TOTAL CASH AND INVESTMENTS</b>										<b>19,570,681</b>	

<sup>1</sup> Amount reserved for encumbrances, fixed asset replacement, long-term receivables



**Redevelopment Agency**  
**Year to Date Revenues - Fiscal Year 2002/03**  
**For the Month of January 2003**  
**58% of Year Complete**

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
<b>CAPITAL PROJECTS FUNDS</b>							
<b>317 CAPITAL PROJECTS</b>							
Property Taxes & Supplemental Roll	12,084,000	12,084,000	7,865,761	65%	6,757,584	1,108,177	16%
Development Agreements	-	-	-	n/a	-	-	n/a
Interest Income, Rents	595,853	595,853	206,331	35%	529,128	(322,797)	-61%
Other Agencies/Current Charges	<u>152,500</u>	<u>152,500</u>	<u>16,550</u>	<u>11%</u>	<u>456,901</u>	<u>(440,351)</u>	<u>-96%</u>
<b>TOTAL CAPITAL PROJECTS</b>	<b><u>12,832,353</u></b>	<b><u>12,832,353</u></b>	<b><u>8,088,642</u></b>	<b><u>63%</u></b>	<b><u>7,743,613</u></b>	<b><u>345,029</u></b>	<b><u>4%</u></b>
<b>327/328 HOUSING</b>							
Property Taxes & Supplemental Roll	3,438,000	3,438,000	2,134,615	62%	1,862,257	272,358	15%
Interest Income, Rent	100,000	100,000	75,689	76%	37,220	38,469	103%
Other	<u>590</u>	<u>590</u>	<u>600</u>	<u>102%</u>	<u>11,758</u>	<u>(11,158)</u>	<u>-95%</u>
<b>TOTAL HOUSING</b>	<b><u>3,538,590</u></b>	<b><u>3,538,590</u></b>	<b><u>2,210,904</u></b>	<b><u>62%</u></b>	<b><u>1,911,235</u></b>	<b><u>299,669</u></b>	<b><u>16%</u></b>
<b>TOTAL CAPITAL PROJECTS FUNDS</b>	<b><u>16,370,943</u></b>	<b><u>16,370,943</u></b>	<b><u>10,299,546</u></b>	<b><u>63%</u></b>	<b><u>9,654,848</u></b>	<b><u>644,698</u></b>	<b><u>7%</u></b>



**Redevelopment Agency**  
**Year to Date Expenditures - Fiscal Year 2002/03**  
**For the Month of January 2003**  
**58% of Year Complete**

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CAPITAL PROJECTS								
	BAHS Administration	367,232	1,234,039	1,379,801	644,969	59,023	703,992	51%
	BAHS Economic Development	55,751	5,348,370	5,396,069	381,373	106,139	487,512	9%
	BAHS CIP	<u>735,841</u>	<u>12,771,000</u>	<u>25,689,036</u>	<u>12,222,988</u>	<u>1,593,846</u>	<u>13,816,834</u>	<u>54%</u>
	<b>TOTAL CAPITAL PROJECTS</b>	<b><u>1,158,824</u></b>	<b><u>19,353,409</u></b>	<b><u>32,464,906</u></b>	<b><u>13,249,330</u></b>	<b><u>1,759,008</u></b>	<b><u>15,008,338</u></b>	<b><u>46%</u></b>
327 AND 328 HOUSING								
	Housing	<u>172,750</u>	<u>6,313,976</u>	<u>6,888,925</u>	<u>1,619,758</u>	<u>83,256</u>	<u>1,703,014</u>	<u>25%</u>
	<b>TOTAL HOUSING</b>	<b><u>172,750</u></b>	<b><u>6,313,976</u></b>	<b><u>6,888,925</u></b>	<b><u>1,619,758</u></b>	<b><u>83,256</u></b>	<b><u>1,703,014</u></b>	<b><u>25%</u></b>
	<b>TOTAL CAPITAL PROJECT FUND</b>	<b>1,331,574</b>	<b>25,667,385</b>	<b>39,353,831</b>	<b>14,869,088</b>	<b>1,842,264</b>	<b>16,711,352</b>	<b>42%</b>





**Redevelopment Agency of the City of Morgan Hill**  
**Balance Sheet Report - Fiscal Year 2002/03**  
**For the Month of January 2003**  
**58% of Year Complete**

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
<b>ASSETS</b>		
Cash and investments:		
Unrestricted	15,209,384	4,361,298
Accounts Receivable	364,361	9,465
Loans and Notes Receivable <sup>1</sup>	2,878,931	22,632,722
Advance to Other Funds		
Fixed Assets <sup>2</sup>	71,049	
Other Assets		
Total Assets	18,523,725	27,003,485
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	11,045	10,318
Deferred Revenue <sup>3</sup>	999,969	5,576,854
Accrued Vacation and Comp Time	5,249	2,162
Total liabilities	1,016,263	5,589,334
<b>FUND BALANCE</b>		
Fund Balance		
Reserved for:		
Encumbrances	1,759,008	83,256
Advance to Other Funds		
Properties Held for Resale	71,049	
Loans and Notes Receivable	1,878,960	17,055,869
Total Reserved Fund balance	3,709,017	17,139,125
Unreserved Fund Balance	13,798,445	4,275,026
Total Fund Balance	17,507,462	21,414,151
Total Liabilities and Fund Balance	18,523,725	27,003,485

<sup>1</sup> Includes Housing Rehab loans and loans for several housing and Agency projects.

<sup>2</sup> Includes RDA properties held for resale.

<sup>3</sup> Includes the deferred payment portion of the loans noted above.



**CITY COUNCIL STAFF REPORT**  
**MEETING DATE:** February 26, 2003

**APPROVAL OF CONTRACT FOR INTERIM MAINTENANCE SUPERVISOR**

**RECOMMENDED ACTION:** Approve the attached agreement and authorize the City Manager to execute a contract to continue the contract services of an Interim Maintenance Supervisor.

**Agenda Item #2**

Prepared By:

Dep Dir Public Works

Approved By:

Public Works Director

Submitted By:

City Manager

**EXECUTIVE SUMMARY:** In November of 2002 the full-time Maintenance Supervisor resigned. A recruitment to fill the position was immediately started but was unsuccessful in filling the position. By November 15, of 2002, the City entered into an agreement with Mr. Glenn Lyles to act as the Interim Maintenance Supervisor over the Parks and Streets Divisions. Mr. Lyles' resume is attached.

Over the past three months Mr. Lyles has provided needed supervision and leadership for the Maintenance Division at a cost of \$15,240. The Maintenance Division provides maintenance activities related to the Parks and Streets functions. This division includes 13 full time positions. The Maintenance Supervisor oversees and organizes all preventative maintenance programs critical to the preservation of the city's parks and street improvements.

Mr. Lyles' services from now until June 30, 2003, will be funded by the Parks and Streets Operations Budget. Mr. Lyles works three days per week on average.

At this time it is necessary to extend the agreement with Mr. Lyles through June 30, 2003 at an additional cost not to exceed \$27,500. Of the \$27,500, \$12,100 is funded by the General fund, the remainder is from restricted funds. Staff has identified savings in both the Streets and Parks Maintenance budgets such that will offset this additional General Fund expenditure.

**FISCAL IMPACT:** Sufficient funding exists in the 2002-03 Parks and Streets Operations Budgets to fund these services.

**CONSULTANT AGREEMENT**  
**GK LYLES CORPORATION**

THIS AGREEMENT is made this \_\_\_ day of \_\_\_\_\_, 2003, by the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and GK LYLES CORPORATION, a private corporation ("CONSULTANT").

**RECITALS**

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to the City of Morgan Hill City Manager's approval.
2. CONSULTANT is qualified by virtue of experience, training, education, and expertise to accomplish these services.

**AGREEMENT**

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term of Agreement.** This Agreement shall cover services rendered from February 3, 2003 until June 30, 2003.
2. **Services to be Provided.** The services to be performed by CONSULTANT shall consist of the following: Supervisory services for CITY as described below:
  - a. Over-see the work of all Park and Street Division employees to ensure that all CITY policies and procedures are followed.
  - b. In the absence of the Maintenance Supervisor, support Park and Street employees in achieving established work and assignment objectives.
  - c. Advise the Deputy Director of significant issues, problems, and achievements.
  - d. Maintain a list of comments, suggestions and recommendations over Park and Street Division activities, programs and procedures that will assist the new Maintenance Supervisor in their transition into the Division.
  - e. Deputy Directory may assign CONSULTANT management and administrative work during the term of this agreement related to maintenance of parks, streets, street trees, utilities and building and grounds. If management and administrative work is assigned to CONSULTANT, CONSULTANT is to advise Deputy Director, in writing, on impact to supervisory responsibilities and

approximate hours to complete assignment.

3. **Compensation:** CONSULTANT shall be compensated as follows:

3.1 **Amount.** (\$60 per hour). Compensation under this Agreement shall not exceed (\$27,500.00).

3.2 **Payment.** For work under this Agreement, payment shall be made per periodic invoice submitted by CONSULTANT. Said invoice shall describe the duties performed and hours worked. Payment shall be made within 21 days of receiving and approving the invoice. CONSULTANT shall also be reimbursed for reasonable mileage at current IRS rate for use of CONSULTANT's personal vehicle on behalf of the CITY.

3.3 **Records of Expenses.** CONSULTANT shall keep accurate records of payroll, travel, and expenses. These records will be made available to CITY.

3.4 **Termination.** CITY and CONSULTANT shall have the right to terminate this Agreement, without cause, by giving fifteen (15) days' written notice. In the event that CITY initiates termination, CONSULTANT shall be paid for all services performed and all reimburseable expenses incurred under the Agreement up to and including the date of termination.

4. **Insurance Requirements.**

4.1 **Commencement of Work.** CONSULTANT shall not commence work under this Agreement until it has obtained CITY approved insurance. All insurance required by this Agreement shall be carried only by responsible insurance companies licensed to do business in California and shall name as additional insured CITY, its elected officials, officers, employees, agents and representatives. All policies shall contain language to the effect that: (1) the CONSULTANT waives the right of subrogation against CITY and CITY'S elected officials, officers, employees, agents, and representatives; (2) insurance shall be primary noncontributing; and (3) policies shall provide that it shall not be cancelled or materially changed except after thirty (30) days' notice by the insurer to CITY. CONSULTANT shall furnish CITY with copies of all such policies or certificates promptly upon receipt.

4.2 **Workers Compensation Insurance.** CONSULTANT and all subcontractors shall maintain Worker's Compensation Insurance, if applicable.

4.3 **Insurance Amounts.** CONSULTANT shall maintain comprehensive, broad form, general public liability and automobile insurance against claims and liabilities for personal injury, death, or property damage, providing protection of at least \$300,000 for combined single limit for auto and \$2,000,000 combined single limit and \$4,000,000 aggregate for general liability.

4.4 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

5. Non-Liability of Officials and Employees of the CITY. No official or employee of CITY shall be personally liable for any default or liability under this Agreement.

6. Non-Discrimination. CONSULTANT covenants there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, disability, national origin, or ancestry, in any activity pursuant to this Agreement.

7. Independent Contractor. It is agreed to that CONSULTANT shall act and be an independent contractor and not an agent or employee of CITY.

9. Compliance with Law. CONSULTANT shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.

10. Ownership of Work Product. All documents or other information developed or received by CONSULTANT for work performed under this agreement shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or upon termination of this Agreement.

11. Conflict of Interest and Reporting. CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.

12. Notices. All notices shall be personally delivered or mailed, via first class mail to the below listed address. These addresses shall be used for delivery of service of process.

a. Address of CONSULTANT is as follows:

Glenn Lyles  
c/o GK Lyles Corporation  
16700 Shannon Road  
Los Gatos, CA 95032

b. Address of CITY is as follows:

Director of Public Works  
City of Morgan Hill  
100 Edes Court  
Morgan Hill, CA 95037

with a copy to:  
City Clerk  
17555 Peak Avenue  
Morgan Hill, CA 95037

13. CONSULTANT'S Proposal. This Agreement shall include CONSULTANT'S proposal or bid, which is incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.

14. **Licenses, Permits, and Fees.** CONSULTANT shall obtain a City of Morgan Hill Business License, all permits, and licenses as may be required by this Agreement.
15. **Familiarity with Work.** By executing this Agreement, CONSULTANT warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.
16. **Time of Essence.** Time is of the essence in the performance of this Agreement.
17. **Limitations Upon Subcontracting and Assignment.** Neither this Agreement or any portion shall be assigned by CONSULTANT, without prior written consent of CITY.
18. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement.
19. **Indemnification.** CONSULTANT agrees to defend, indemnify, and hold harmless CITY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, but only to the extent arising from CONSULTANT's negligent acts, errors or omissions in performance of the Agreement by CONSULTANT, CONSULTANT's agents, officers, employees, subcontractors, or independent contractors hired by CONSULTANT. The only exception to CONSULTANT's responsibility to defend, indemnify, and hold harmless CITY, is due to the negligence of CITY. This hold harmless agreement shall apply to all liability, regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONSULTANT.
20. **Modification.** This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified on provisions waived only by subsequent mutual written agreement executed by CITY and CONSULTANT.
21. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the Santa Clara County Superior Court.
22. **Interpretation.** This Agreement shall be interpreted as though prepared by both parties.
23. **Preservation of Agreement.** Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

24. **Consequential Damages.** CONSULTANT and CITY waive any and all claims for consequential damages arising out of this Agreement or the related services.

25. **Mediation.** Any dispute arising out of or related to this Agreement shall be subject to mediation as a condition prior to the filing of any formal claim or litigation.

**IN WITNESS THEREOF**, these parties have executed this Agreement on the day and year shown below.

**ATTEST:**

**CITY OF MORGAN HILL**

By: \_\_\_\_\_  
City Clerk  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
City Manager  
Date: \_\_\_\_\_

**APPROVED:**

**GLENN LYLES**

By: \_\_\_\_\_  
Risk Manager  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
City Attorney

Date: \_\_\_\_\_



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** *February 26, 2003*

### **APPROVE CONSULTANT AGREEMENT FOR CONSTRUCTION MANAGEMENT SERVICES ON THE AQUATICS COMPLEX**

#### **RECOMMENDED ACTION(S):**

Authorize the City Manager to Execute a Consultant Agreement with Nova Partners, Inc. for a total fee not to exceed \$427,000 subject to City Attorney approval.

#### **EXECUTIVE SUMMARY:**

In mid-January, staff sent out a Request for Proposals to various construction management (CM) firms. Six proposals were submitted on February 7<sup>th</sup> and evaluated by a staff review committee. Two firms were invited for interviews and the review committee recommends Nova Partners, Inc. as the most qualified firm for this project. References have been checked and staff is currently negotiating with Nova to modify their \$499,952 fee proposal to a fee within the budgeted amount of \$427,247.

Attached is Nova's scope of work, relevant project experience and resumes of key personnel. It is expected that Nova will assist the BAHS Senior project manager and Public Works project manager during the design process, Phase 1 which is scheduled from March 1 through July 31, 2003 (5 months). This pre-construction work will consist of the following general services: program evaluation, design document and constructability review, project schedule and budget updates (including cost estimating input), pre-qualification of pool subcontractors, post qualification of general contractors, and assisting in the bid process (including pre-bid conference, addenda and bid analyses). Nova will then assist the Public Works project manager as the on-site representative administering the actual construction contract. This Phase 2 work is scheduled from August 1, 2003 through June 30, 2004 (11 months), and assumes that construction will end on May 31, 2004 with one additional month for project closeout.

Due to the aggressive project schedule, staff feels that it is necessary to have the CM "on board" immediately to help identify and resolve problems before they become an impact to the budget or construction schedule. For that reason, staff recommends authorizing the City Manager to execute a consultant agreement with Nova Partners, Inc. for a total fee not to exceed \$427,000 subject to City Attorney approval and based on a negotiated scope of services.

**FISCAL IMPACT:** The CIP project budget identifies \$427,247 as budgeted for these professional services and no additional funding is required.

**Agenda Item # 3**

**Prepared By:**

**Project Manager**

**Approved By:**

**Public Works Director**

**Submitted By:**

**City Manager**





## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: February 26, 2003***

### **EMERGENCY EXPENDITURE FOR REPLACEMENT OF PUMP AND MOTOR AT DIANA WELL #1**

#### **RECOMMENDED ACTION(S):**

1. Adopt attached resolution declaring the need for this emergency expenditure.
2. Approve expenditure of \$30,000 for emergency purchase and installation of replacement pump and motor at Diana Well #1.

#### **EXECUTIVE SUMMARY:**

Diana Well #1, one of our 13 production wells, was recently taken out of service. During routine maintenance we found that the pump and motor must be repaired or replaced to avoid a potential water shortage. Staff is recommending authority to replace the pump and motor since a new unit would have at least a 10 year life span with a 3 year full warranty. Repairing the pump and motor would have no warranty and would be likely to last for 3 to 5 years.

This repair must be performed under emergency purchase provisions. We must have Diana Well #1 back in service within the next 30 days based upon the potential of a water shortage effecting water for both domestic and fire fighting purposes. The time required to publicly bid and award this project would delay the project by at least 60 days. With City Council approval of this request, Diana Well #1 should be back on line within 3 weeks.

#### **FISCAL IMPACT:**

Funds for this purchase and installation (\$30,000) are currently budgeted in the Water Operations Budget (650-42231-5710).

**Agenda Item # 4**

**Prepared By:**

**Management Analyst**

**Approved By:**

**Department Director**

**Submitted By:**

**City Manager**

**RESOLUTION NO. 5649**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL DECLARING THE NEED FOR AN EMERGENCY EXPENDITURE FOR WATER WELL REPAIR IN ACCORDANCE WITH PUBLIC CONTRACT CODE 20168**

**WHEREAS**, an emergency currently exists since one of the City's 13 wells is currently non-operational and its repair could not be anticipated nor avoided; and

**WHEREAS**, unless full pumping well capacity is restored within the three weeks that will be required to repair the well under emergency procurement procedure the water demand in the City may be above our well pumping capacity and a water shortage may result; and

**WHEREAS**, a water shortage would create great and extraordinary public calamity since water would not be sufficient for drinking nor fire protection purposes; and

**THEREFORE, BE IT RESOLVED** by the City Council of the City of Morgan Hill that it does resolve, determine and order the following:

1. Diana Well #1 is currently in need of emergency repair to continue to provide drinking and fire protection water to the citizens of Morgan Hill.
2. By a majority vote of those present at the City Council meeting on February 26, 2003, the Council finds, based upon the foregoing reasons, that the immediate preservation of the public peace, health and safety requires said expenditure to be made without competitive bids.
3. The sum of \$30,000 is hereby approved for expenditure for emergency well repair.

**PASSED AND ADOPTED** by the City Council of Morgan Hill at a Special Meeting held on the 26<sup>th</sup> Day of February, 2003, by the following vote.

**AYES: COUNCIL MEMBERS:**  
**NOES: COUNCIL MEMBERS:**  
**ABSTAIN: COUNCIL MEMBERS:**  
**ABSENT: COUNCIL MEMBERS:**

**🔒 CERTIFICATION 🔒**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Resolution No. 5649, adopted by the City Council at the Special Meeting on February 26, 2003.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.**

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: February 26, 2003***

**Agenda Item # 5**

**Prepared By:**

**Council Services &  
Records Manager**

**Submitted By:**

**City Manager**

### **EXTEND APPOINTMENT TERMS FOR CURRENT ARCHITECTURAL AND SITE REVIEW BOARD (ARB) MEMBERS**

#### **RECOMMENDED ACTIONS:**

1. Extend the Terms of Office for ARB Members James Fruit, Rod Martin and Jerry Pile to June 1, 2003; and
2. Direct the City Clerk to notify the ARB members of the term extension.

#### **EXECUTIVE SUMMARY:**

At its February 19, 2003 meeting, the City Council introduced two ordinances:

- Ordinance No. 1607, New Series, amends Section 2.22.010 (Establishment of boards and commissions) of Chapter 2.22 (Master Provisions for Boards and Commissions) of Title 2 (Administrative and Personnel) to include a section that will authorize extension of appointment terms, at the discretion of the City Council, until such time that a successor member can be appointed.
- Ordinance No. 1608, New Series, amends Section 2.56.030 (Terms of Office) of Chapter 2.56 (Architectural and Site Review) of Title 2 (Administration and Personnel). Specifically, this ordinance amends Sections 2.56.030 (A) and (B) to allow the terms for ARB members to coincide with the terms of the Planning Commission (June 1).

Three ARB members are due to have terms expire on March 1, 2003. The Council introduced the above ordinances in order to facilitate extending terms of office for boards, commissions, and committees in order to maintain the make up of these bodies until such time that the Council can reappoint and/or appoint members to fill vacancies. Extension of the terms for the three ARB members will allow staff to conduct concurrent recruitments for the ARB and the Planning Commission. Concurrent recruitment will afford the City Council flexibility to appoint to these two bodies based on qualifications and needs.

Staff is recommending that the terms of office for ARB Members James Fruit, Rod Martin and Jerry Pyle be extended to June 1, 2003. Staff will begin the recruitment process for both the ARB and Planning Commission.

**FISCAL IMPACT:** No fiscal impact.



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: February 26, 2003***

**Agenda Item # 6**

**Prepared By:**

**Assistant Finance  
Director**

**Approved By:**

**Finance Director**

**Submitted By:**

**City Manager**

### **ANNUAL MOBILE HOME PARK SPACE FEES**

#### **RECOMMENDED ACTION(S):**

Direct staff to accept Mobile Home Rent Commission recommendations to bill for uncollected mobile home park space fees for the years 2000 and 2001, forgiving year 1999, and to provide relief to park owners for the resident portion of the fee they will not be able to pass on to tenants no longer living in the park, with documentation.

#### **EXECUTIVE SUMMARY:**

The City of Morgan Hill Ordinance 5.36 Section 380 authorizes the collection of mobile home space fees to support the costs of administering the rent control ordinance. The City bills annually for these fees. No billings were generated for the years 1999, 2000 and 2001 by the Finance Department.

Finance staff sought the advice of the Finance and Audit Committee on how to proceed with collecting these prior years' fees. Upon the Committee's recommendation a letter was sent to park owners advising them of the City's intent to bill for these prior years in January of 2003, 2004 and 2005 and requesting comments and feedback from park owners.

The Mobile Home Rent Commission agendaized this item and discussed it at their November 25, 2002 meeting. The Commission recommends, and staff concurs, to bill for 2000 and 2001 in February 2003 with the option of paying in two installments and to allow park owners to deduct the resident portion if a qualifying resident no longer occupies a space for that year. Park owners must submit supporting documentation to deduct the resident portion of any space fee. The Commission's agenda item number 2 is attached for review.

#### **FISCAL IMPACT:**

Park fees collected for 2002 were approximately \$5,500. Total fees for the three uncollected years are estimated to be \$16,500. Billings for 2000 and 2001 are expected to generate \$11,000. It cannot be determined at this time the effect of allowing park owners to deduct the resident portion with written documentation as proof, but it is expected to be minor.

**CITY OF MORGAN HILL**  
**MOBILE HOME RENT COMMISSION**

**MEETING DATE: November 25, 2002**

**AGENDA ITEM: 2**

**TITLE: Previously Uncollected Annual Space Fees**

**RECOMMENDED ACTION:**      **City to bill for uncollected fees in January. Park Owners who can demonstrate that a “qualifying resident” no longer occupies a space, may deduct the allowable resident portion for that space for that year. Park Owners may choose a payment plan of up to three years.**

**EXECUTIVE SUMMARY:**

Mobile Home Park Space Rent Fees were not posted in the years 1999, 2000 and 2001. In September of this year, the City mailed park owners a letter notifying them of this situation and asked them for their input on how to best resolve this situation. Two responses were received.

One response addressed the potential financial burden to both park and home owners if the delinquent fees were collected as a single payment. Fees are \$12 per rented space per year. Park Owners are allowed to pass up to one-half of the fee (\$6) to the home owner occupying the space.

That respondent also addressed the burden to park owners for those spaces where the qualifying resident for a space no longer resided there. A qualifying resident is that person who owned the home occupying the space on October 1 of the assessment year.

The second response suggested that since the City had not billed in a timely manner, it should not bill at all.

While the City is sympathetic to both responses, it was actively involved in actions surrounding the Mobile Home Rent Stabilization Ordinance during those years. These actions involved City expenditures. The City believes that those expenses should be shared by the people directly benefitting from the ordinance. We estimate fees owed to the city to be about \$17,000.

Ordinarily, a city has three years to collect for an obligation arising under a statute. That obligation has been met by the notices already delivered. However, to ease the impact of the cumulative effect of uncollected fees, it is recommended that park owners be given an option to pay their bills with three annual installments. Fees would be due when billed in January, and would become delinquent sixty (60) days afterwards. Where park owners choose to make installment payments, they must allow tenants that same option.

While the Ordinance places the responsibility for the fee on the park owners, it allows those owners to pass no more than one-half of that fee to the tenant of record of the assessed space. Therefore, the City will allow park owners to deduct one-half of the annual fee (\$6.00) for every space where they demonstrate that the qualified tenant no longer resides in the park.

### **Mobile Home Rent Commission Response**

Based on an erroneous report I submitted to the Commission in 1999 indicating that fees had been collected, and on bills submitted by Mark Moore showing that Windmill had collected the resident portion of the fee in 1999, the Commission made a motion to accept the recommendations in the above staff report with the exception that fees would not be collected for 1999.

**CITY OF MORGAN HILL  
SPECIAL CITY COUNCIL MEETING  
MINUTES – FEBRUARY 19, 2003**

**CALL TO ORDER**

Mayor Kennedy called the meeting to order at 6:00 p.m.

**ROLL CALL ATTENDANCE**

Present: Council Members Carr, Sellers and Mayor Kennedy  
Late: Council Members Chang, Tate

**DECLARATION OF POSTING OF AGENDA**

City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2

***City Council Action***

**CLOSED SESSION:**

City Attorney Leichter announced the following closed session items.

1.

**EXISTING LITIGATION**

Case Title:	Kennedy et al. v. Davis et al.
Case Name/No.:	Santa Clara County Superior Court Case No. CV 803679
Attendees:	City Manager, City Attorney

**OPPORTUNITY FOR PUBLIC COMMENT**

Mayor Kennedy opened the closed session item to public comment. No comments were offered.

**ADJOURN TO CLOSED SESSION**

Mayor Kennedy adjourned the meeting to closed session at 6:02 p.m.

**RECONVENE**

Mayor Kennedy reconvened the meeting at 7:03 p.m.

**CLOSED SESSION ANNOUNCEMENT**

Mayor Kennedy announced that no reportable action was taken in closed session.

**ADJOURNMENT**

There being no further business, Mayor Kennedy adjourned the meeting at 7:04 p.m.

**MINUTES RECORDED AND PREPARED BY**

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**IRMA TORREZ, City Clerk**





**CITY COUNCIL & REDEVELOPMENT**  
**AGENCY STAFF REPORT**

**Agenda Item # 8**

**Prepared By:**

**Council Services &  
Records Manager**

**Submitted By:**

**City Manager**

***MEETING DATE: February 26, 2003***

**DRAFT CITY COUNCIL AND REDEVELOPMENT AGENCY  
2003 GOALS**

**RECOMMENDED ACTIONS:**

1. Consider Draft Goal Statements, Revise as Necessary; and
2. Adopt Goals for 2003

**EXECUTIVE SUMMARY:**

The City Council/Redevelopment Agency conducted goal setting sessions on January 10 and January 11, 2003 and held a follow-up goal setting session on January 24, 2003. Based on discussions, the City Manager will draft and present the goals to the City Council and Redevelopment Agency for consideration and adoptions at the February 26, 2003 meeting.

**FISCAL IMPACT:** No fiscal impact.